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THE BELGIAN MARKET FOR U.S. FOOD AND BEVERAGE PRODUCTS

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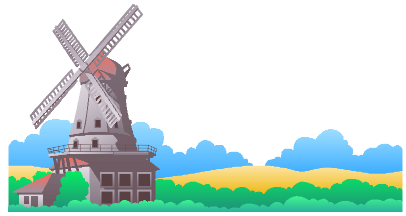

Market Overview

Belgium is a small country (roughly the size of Maryland) with a population of 10 million and a per capita income of $27,242. Most of the population lives in or around urban centers, and only 2 percent is engaged in farming. The port and inland transport systems are highly developed. The business community is internationally oriented, and all services that potential exporters might need are readily available.

Three official languages are spoken: Flemish (Dutch) dominates in the northern half of the country; French is spoken mainly in the southern half, called Wallonia; and German is used in a small area on Belgium's eastern border. In the business community, English is understood by almost everyone.

Belgium belongs to the group of leading industrialized democracies, and its capital, Brussels, also serves as the capital of the European Union (EU). Its open, trade-based economy thrives as a center for transit trade. Although the country lacks natural resources, enormous quantities of goods are imported, transformed, and then re-exported. The Belgian economy in 1995 and 1996 continued its slow recovery from the 1992-1993 recession (the worst since World War II with real GDP declining 1.7 % in 1993). Business investment (up 4% in real terms) and exports (up 4.4%) provided the economy's impetus in 1996, as in the previous year.

As a market for consumer-ready foods, Belgium presents excellent opportunities. It is a small country where people eat well--perhaps better than anywhere else in the world. Consumers are price and quality conscious, with a bias toward quality. Full meals are favored over snack foods.

Belgium at a Glance

Agricultural Imports:	$17.2	bil	Population:	10 mil
Share of all Imports:	11%		Population growth rate:	0%
High-value:	$7	bil	Urban population:	7.0 mil
Bulk:	$10.2	bil	Urban growth rate:	0%
*U.S. Ag exports:	$785	mil	Percent of women employed:	45%
*U.S. Ag imports:	$177	mil	Per capita GDP:	$27,242
Major metropolitan areas:		6	Per capita food expenditures:	$2,976

*U.S. census data, calendar 1997. Trade data include Luxembourg.

People dine out a lot and have a taste for foods that might be considered gourmet items in the United States. Although eating habits are traditional, Belgians are willing to try new products that offer the quality they demand.

U.S. Market Position

Belgium's agricultural imports, including forest products, totaled $17.2 billion (preliminary figure) in 1997. U.S. products account for only around 4 percent of the country's agricultural imports. Such figures, however, can be misleading because of the large volume of transshipments through Belgium and other European ports. For example, U.S. wine shipped to Belgium for distribution in Germany or Switzerland may be reported as a Belgian import; U.S. grapefruit landing at the Dutch port of Rotterdam on its way south may be reported as a U.S. export to (and a Belgian import from) the Netherlands.

According to U.S. trade data, unprocessed bulk commodities made up nearly half of U.S. agricultural exports to Belgium in 1997. The two leading U.S. bulk exports are soybeans and leaf tobacco. U.S. soybean exports topped $201 million in 1997, while tobacco sales reached a record $111 million.

A wide range of U.S. processed food products can be found in Belgium, some imported from the United States and many more produced in Europe by multinational companies. Belgian importers are aware that many innovative products are available in the United States, but the incredible choice of products available within the EU means that U.S. exporters must work hard to get the buyer's attention. For items such as U.S. grapefruit, raisins, prunes, and premium California wines, advertising has been very successful and a high-quality image has been established. Strong contacts with importers and chain store buyers are very important.

U.S. exports of high-value products (include semi-processed and consumer-oriented products) declined slightly in 1997 to $291 million from $292 the previous year. In 1997, U.S. exporters rang up record-breaking sales of $8.3 million in wine and beer, $26.0 million in pet foods and $30.8 million in fresh fruit. Other leading product categories by value of sales included snack foods (exc. nuts), red meats, nuts, fresh fruit, and processed fruits & vegetables .

Belgium is also gaining attention as a market for forest products. There is a sizable furniture industry and considerable interest in U.S. white oak and other fine hardwoods. At the same time, more wood products are being used in the construction industry. Belgian firms are importing both for a growing domestic market and to supply users in other countries. U.S. exports in 1997 were valued at $101 million.

Market Competition

EU countries have substantial transportation and tax advantages for many products. Competition tends to come mainly from other European countries for processed foods and from Mediterranean and Middle Eastern countries for citrus products. Counter seasonal production patterns provide opportunities for various U.S. fruits and other products that would otherwise have to compete with Southern Hemisphere exports. The French export promotion organization, SOPEXA, is active in Belgium, as are similar organizations from other European countries. They participate in Belgian trade shows, run frequent in-store promotions, and invite buyers to sample products.

Market Trends

Although some further growth is expected in Belgium's fast-food sector, basic consumption will remain centered in three areas: (1) family meals prepared at home, with some dishes from the neighborhood traiteur (like a delicatessen, but with a huge selection of items); (2) restaurant meals--usually at least three courses, available in a wide price range and of good quality; and (3) quick meals in cafes serving a limited and traditional selection of good food. Belgians do not snack much, except in coffee shops and at waffle stands on the street.

Because so many women have entered the workforce, the market for consumer-ready items continues to grow, with more growth expected. The microwave oven is gradually becoming a standard kitchen appliance.

Supermarkets offer a vast array of packaged food products from Europe and around the world. Opportunities for U.S. firms are most likely to be found for innovative products, although local competition can be expected if the imported version proves successful. One possible strategy to counter competition and maintain a market edge is to plan for a series of innovations, with the longer term prospect of licensing. Opportunities for long-term market development also exist for products distinguished by a unique feature, such as origin (examples include California wines or Florida grapefruit).

For wines specifically, opportunities are generally limited to the upper price range. Taxes on non-EU wines in the lower ranges are a more significant part of the total price, making it difficult to compete with EU tax-free table wines. For higher quality wines, the tax is not significant. Such wines have been effectively promoted in Belgium by direct sales to consumers and in restaurants.

There may be significant opportunities for snack foods to accompany the 400 or so Belgian beers that are consumed in large quantities. Possibilities also exist for small-size institutional-type packaged foods that would help cafes upgrade their menus and provide interesting light meals, particularly at odd hours. Perhaps, the trend in Belgium will be toward "not-quite-so-fast food," and the obvious vehicle is the thousands of established cafes.

In addition, many newly established Belgian companies are interested in niche market products, such as health and diet foods for health-minded or weight-conscious consumers, as well as those with very active, athletic lifestyles. For the whole range of packaged foods, two of the best promotional opportunities are the large international fairs--ANUGA in Cologne, Germany, and SIAL in Paris. For wines, the best approach is to work with established importers, and to put promotional funds into information for restaurateurs, hotel and restaurant schools, and wine clubs and also to participate at the MONDIAL DU VIN, a biennial wine fair held in Brussels

Marketing System

Food retailing is dominated by two major chains, Delhaize and GB Inno, which do some of their own importing and also use independent importers and distributors. In addition, these chains often act as distributors to smaller retailers in areas not covered by their own stores. Smaller national and regional chains tend to be supplied by buying groups, individual importers or distributors, and wholesale markets. Belgium has many open-air markets where a wide variety of food products are sold directly to consumers.

Food Processing Sector

Belgium has a wide range of domestic food processing firms and a huge number of small neighborhood shops that prepare and sell ready-to-eat foods. Belgian dietary preferences will ensure the survival of the small ready-to-eat providers for the foreseeable future. For the larger processing firms that do not sell at retail level, industry observers expect more acquisitions by multinational food companies and a trend toward increased specialization and a narrower product base. These changes reflect, in large part, increased competition and an adjustment to EU-wide food directives as the EU moves toward a single market.

To the extent that the Belgian food processing industry remains as a distinct entity from the European food processing industry, U.S. market opportunities are most likely to be available for inputs into gourmet foods, such as pork livers for making pate.

General Requirements for Packaged Foods

The Belgium Food Inspection Service, Ministry of Public Health, Inspection of Foodstuffs, requires that the label include the following information appearing in the language of the region in which the product will be sold or in one of the local languages (French, Dutch, or German):

--The common and usual name of the foodstuff as laid down by law; name should be precise enough to determine the true nature of the foodstuff.
--List of ingredients in decreasing order of their weight at the time they are added or introduced in the product; the list must be preceded by the word "Ingredients."
--All ingredients contained in the final product; all permitted additives must be listed by category and specific name or E-number (Royal Decree of December 20, 1983, addendum, ref. (H).
--Place of origin if omission might mislead consumer.
--Weight of the product in grams or kilograms.
--Name and address of manufacturer, packer, or seller in the EU.
--Expiration date of the product; although not obligatory, the trend in Belgium is to indicate the expiration date on the label.
--Date of minimum durability, consisting of the following: “To be consumed preferably before ...” or “To be consumed preferably before the end of ...”.
--Special storage conditions and instructions for use if the absence of such instructions would cause confusion in the mind of the consumer.

For further information and assistance, contact:

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